



**Federal Communications Commission
Enforcement Bureau
Investigations and Hearings Division
445 12th Street, SW, Suite 4-C330
Washington, D.C. 20554**

January 18, 2008

DA 08-129

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED AND FACSIMILE (860-522-2490)**

Mr. Keith J. Madeiros
c/o Richard R. Brown, Esq.
Brown Paindiris & Scott, LLP
100 Pearl Street, Suite 1100
Hartford, CT 06103
E-Mail: rbrown@bpslawers.com

**Re: Notice of Suspension and Initiation of Debarment Proceedings,
File No. EB-07-IH-9550**

Dear Mr. Madeiros:

The Federal Communications Commission ("FCC" or "Commission") has received notice of your conviction for mail fraud in violation of 18 U.S.C. § 1341 in connection with your participation in the schools and libraries universal service support mechanism ("E-Rate program").¹ Consequently, pursuant to 47 C.F.R. § 54.8, this letter constitutes official notice of your suspension from the E-Rate program. In addition, the Enforcement Bureau ("Bureau") hereby notifies you that we are commencing debarment proceedings against you.²

¹ Any further reference in this letter to "your conviction" refers to your February 13, 2007 guilty plea and subsequent conviction of mail fraud. *United States v. Keith J. Madeiros*, Criminal Docket No. 3:07-CR-29-RNC-2, Plea Agreement (D. Conn. filed Feb. 13, 2007 and entered Feb. 15, 2007) ("*Madeiros Plea Agreement*"); *United States v. Keith J. Madeiros*, 3:07-CR-29-RNC-2, Judgment (D. Conn. filed and entered Dec. 10, 2007) ("*Madeiros Judgment*").

² 47 C.F.R. § 54.8; 47 C.F.R. § 0.111 (delegating to the Enforcement Bureau authority to resolve universal service suspension and debarment proceedings). The Commission adopted debarment rules for the schools and libraries universal service support mechanism in 2003. *See Schools and Libraries Universal Service Support Mechanism*, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202 (2003) ("*Second Report and Order*") (adopting section 54.521 to suspend and debar parties from the E-rate program). In 2007, the Commission extended the debarment rules to apply to all of the Federal universal service support mechanisms. *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight; Federal-State Joint Board on Universal Service; Schools and Libraries Universal Service Support Mechanism; Lifeline and Link Up; Changes to the Board of Directors for the National Exchange Carrier Association, Inc.*, Report and Order, 22 FCC Rcd 16372, 16410-12 (2007) (*Program Management Order*) (renumbering section 54.521 of the universal service debarment rules as section 54.8 and amending subsections (a)(1), (5), (c), (d), (e)(2)(i), (3), (e)(4), and (g)).

I. Notice of Suspension

The Commission has established procedures to prevent persons who have “defrauded the government or engaged in similar acts through activities associated with or related to the schools and libraries support mechanism” from receiving the benefits associated with that program.³ You pled guilty to mail fraud for activities in connection with your participation in the E-Rate program involving telecommunications upgrade projects in four Connecticut school districts.⁴ While employed at Southwestern Bell Communications (“SBC”), you and Richard E. Brown, both SBC account managers, recommended subcontractors to perform telecommunications upgrades for the school districts.⁵ In addition, you and Mr. Brown reviewed invoices submitted by subcontractors to SBC for payment, which SBC then submitted to the Universal Service Administrative Company (“USAC”) for reimbursement from the E-Rate fund.⁶ You admitted to participating in a scheme with Brown and Scott A. Federowicz, a manager of a SBC first-tier subcontractor, to defraud USAC.⁷ You and Mr. Brown each created a sham company and submitted fictitious invoices totaling approximately \$452,203 to Mr. Federowicz, who approved those invoices for payment on behalf of the SBC subcontractor.⁸ The SBC subcontractor, unaware that no work had been performed, in turn billed SBC and SBC ultimately sought from USAC reimbursement for those fictitious expenses from the E-Rate program.⁹

Pursuant to section 54.8(a)(4) of the Commission’s rules,¹⁰ your conviction requires the Bureau to suspend you from participating in any activities associated with or related to the schools and libraries fund mechanism, including the receipt of funds or discounted services through the schools and libraries fund mechanism, or consulting with, assisting, or

³ See *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 66; *Program Management Order*, 22 FCC Rcd at 16387, ¶ 32. The Commission’s debarment rules define a “person” as “[a]ny individual, group of individuals, corporation, partnership, association, unit of government or legal entity, however, organized.” 47 C.F.R. § 54.8(a)(6).

⁴ See *Madeiras Plea Agreement* at 1; *United States v. Richard E. Brown and Keith J. Madeiros.*, Criminal Docket No. 3:07-CR-29-RNC-2, Information, ¶¶ 1-21 (D. Conn. filed Feb. 13, 2007 and entered Feb. 14, 2007) (“*Madeiras/Brown Information*”).

⁵ See *Madeiras/Brown Information* at ¶¶ 8-9; <http://newhaven.fbi.gov/dojpressrel/2007/nh120707.htm> (last accessed Dec. 11, 2007) (“*DOJ December 7 Press Release*”). The Bureau has debarred Richard E. Brown from the E-Rate program. See Letter from Hillary S. DeNigro to Richard E. Brown, Notice of Debarment, DA 07-4732 (Enf. Bur., Investigations & Hearings Div., rel. Nov. 27, 2007).

⁶ See *Madeiras/Brown Information* at ¶ 9; *DOJ December 7 Press Release* at 1.

⁷ See *Madeiras/Brown Information* at ¶¶ 11-21. The Bureau also has debarred Scott A. Federowicz from the E-Rate program. See Letter from Hillary S. DeNigro to Scott A. Federowicz, Notice of Debarment, 22 FCC Rcd 17258 (Enf. Bur., Investigations & Hearings Div., rel. Sept. 24, 2007).

⁸ See *Madeiras/Brown Information* at ¶¶ 11-21; *DOJ December 7 Press Release* at 1.

⁹ See *DOJ December 7 Press Release* at 1.

¹⁰ 47 C.F.R. § 54.8(a)(4). See *Second Report and Order*, 18 FCC Rcd at 9225-9227, ¶¶ 67-74.

advising applicants or service providers regarding the schools and libraries support mechanism.¹¹ Your suspension becomes effective upon the earlier of your receipt of this letter or publication of notice in the Federal Register.¹²

Suspension is immediate pending the Bureau's final debarment determination. In accordance with the Commission's debarment rules, you may contest this suspension or the scope of this suspension by filing arguments in opposition to the suspension, with any relevant documentation. Your request must be received within 30 days after you receive this letter or after notice is published in the Federal Register, whichever comes first.¹³ Such requests, however, will not ordinarily be granted.¹⁴ The Bureau may reverse or limit the scope of suspension only upon a finding of extraordinary circumstances.¹⁵ Absent extraordinary circumstances, the Bureau will decide any request for reversal or modification of suspension within 90 days of its receipt of such request.¹⁶

II. Initiation of Debarment Proceedings

Your guilty plea to and conviction of criminal conduct in connection with the E-Rate program, in addition to serving as a basis for immediate suspension from the program, also serves as a basis for the initiation of debarment proceedings against you. Your conviction falls within the categories of causes for debarment defined in section 54.8(c) of the Commission's rules.¹⁷ Therefore, pursuant to section 54.8(a)(4) of the Commission's rules, your conviction requires the Bureau to commence debarment proceedings against you.

As with your suspension, you may contest debarment or the scope of the proposed debarment by filing arguments and any relevant documentation within 30 calendar days of the earlier of the receipt of this letter or of publication in the Federal Register.¹⁸ Absent

¹¹ 47 C.F.R. §§ 54.8(a)(1), (d).

¹² *Second Report and Order*, 18 FCC Rcd at 9226, ¶ 69; 47 C.F.R. § 54.8(e)(1).

¹³ 47 C.F.R. § 54.8(e)(4).

¹⁴ *Id.*

¹⁵ 47 C.F.R. § 54.8(e)(5).

¹⁶ *See Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. §§ 54.8(e)(5), 54.8(f).

¹⁷ "Causes for suspension and debarment are the conviction of or civil judgment for attempt or commission of criminal fraud, theft, embezzlement, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, obstruction of justice and other fraud or criminal offense arising out of activities associated with or related to the schools and libraries support mechanism, the high-cost support mechanism, the rural healthcare support mechanism, and the low-income support mechanism." 47 C.F.R. § 54.8(c). Such activities "include the receipt of funds or discounted services through [the Federal universal service] support mechanisms, or consulting with, assisting, or advising applicants or service providers regarding [the Federal universal service] support mechanisms." 47 C.F.R. § 54.8(a)(1).

¹⁸ *See Second Report and Order*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(3).

extraordinary circumstances, the Bureau will debar you.¹⁹ Within 90 days of receipt of any opposition to your suspension and proposed debarment, the Bureau, in the absence of extraordinary circumstances, will provide you with notice of its decision to debar.²⁰ If the Bureau decides to debar you, its decision will become effective upon the earlier of your receipt of a debarment notice or publication of the decision in the Federal Register.²¹

If and when your debarment becomes effective, you will be prohibited from participating in activities associated with or related to the schools and libraries support mechanism for three years from the date of debarment.²² The Bureau may, if necessary to protect the public interest, extend the debarment period.²³

Please direct any response, if by messenger or hand delivery, to Marlene H. Dortch, Secretary, Federal Communications Commission, 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002, to the attention of Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Room 4-C330, Federal Communications Commission. If sent by commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail), the response should be sent to the Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, Maryland 20743. If sent by first-class, Express, or Priority mail, the response should be sent to Diana Lee, Attorney Advisor, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554, with a copy to Vickie Robinson, Assistant Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Room 4-C330, Washington, DC, 20554. You shall also transmit a copy of the response via email to diana.lee@fcc.gov and to vickie.robinson@fcc.gov.

¹⁹ *Second Report and Order*, 18 FCC Rcd at 9227, ¶ 74.

²⁰ *See id.*, 18 FCC Rcd at 9226, ¶ 70; 47 C.F.R. § 54.8(e)(5).

²¹ *Id.* The Commission may reverse a debarment, or may limit the scope or period of debarment upon a finding of extraordinary circumstances, following the filing of a petition by you or an interested party or upon motion by the Commission. 47 C.F.R. § 54.8(f).

²² *Second Report and Order*, 18 FCC Rcd at 9225, ¶ 67; 47 C.F.R. §§ 54.8(d), 54.8(g).

²³ *Id.*

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If you have any questions, please contact Ms. Lee via mail, by telephone at (202) 418-1420 or by e-mail at diana.lee@fcc.gov. If Ms. Lee is unavailable, you may contact Ms. Vickie Robinson, Assistant Chief, Investigations and Hearings Division, by telephone at (202) 418-1420 and by e-mail at vickie.robinson@fcc.gov.

Sincerely yours,

Hillary S. DeNigro
Chief
Investigations and Hearings Division
Enforcement Bureau

cc: Kristy Carroll, Esq., Universal Service Administrative Company (via e-mail)
Anthony E. Kaplan, Esq., Supervisory Assistant United States Attorney
Calvin B. Kurimai, Esq., Assistant United States Attorney